



KHPA Advisory Council Update

**Advisory Councils
September 2009**

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Overview

- **Advisory Council Meeting format**
- **KHPA Annual Retreat June 16-17**
- **KHPA Budget options for FY 2011**
- **Council discussion and input**



Advisory Committee Meeting Format

- **KHPA Board strongly endorsed the Council structure, emphasizing the need for continued input from stakeholders**
- **Reached out to KDHE for teleconference capacity**
- **Meetings will emphasize input**
- **Minutes will be taken in the form of a transcript**



KHPA Board Retreat

June 16-17

- **Reviewed dramatic changes in circumstances since the Agency began operations in 2006**
- **Reviewed Agency activities over the last three years**
- **Identified prevailing issues facing the State and KHPA in 2009 and 2010**
- **Identified a new set of priorities**



Opportunities, Challenges and Expectations: 2006-2009

- **Legislative expectations for coordinated health policy and statewide health reform**
- **Window of opportunity for state health reform initiative**
- **Expectation of improved programs through coordinated purchasing**
- **Need to establish coordinated operation of Medicaid across five state agencies**
- **Statutory charge to provide information and make data-driven decisions**
- **Legal threat to a core product (HealthWave managed care)**
- **Lack of financial accountability in the state employee health plan**
- **Federal liabilities in Medicaid had reached crisis proportions**
- **New agency with no infrastructure and insufficient resources**



Initial Focus for KHPA During the Agency's First Phase



Successfully Address Key Challenges

- **Secured new resources from Legislature to meet agency's broad scope of responsibilities**
- **Successfully transitioned to two new Managed care subcontractors**
- **Established rigorous public reporting mechanism for state employee health plan**
- **Led collaborative effort to resolve state's outstanding Medicaid liabilities in the areas of mental health, targeted case management, and school-based services**



Establish Agency Operations

- **Successfully implemented joint premium billing and document imaging/management**
- **Effort to coordinated actuarial services for insurance operations**
- **Initially combined data functions for SEHP and Medicaid**
- **Applied common contracting practices across insurance programs and initiated some joint procurements, e.g., for actuarial services**
- **Developed and employed joint reporting tools for SEHP and Medicaid**
- **Brought centrally managed legal and HR services into the agency**



Establish Public Governance

- **Broad consideration of key programmatic decisions and policy objectives**
- **Expert engagement and governance through the Board, agency staff, and external resources**
- **Public decision making and posting of key information**
- **Established stakeholder groups dedicated to continuous feedback**
- **Open, structured policy development**
- **Transparent actions and clear accountability**



Coordinate Health Policy for the State

- **Extensive community outreach and comprehensive engagement of stakeholders**
- **Initiate health policy development and promote systemic health reform**
 - Expand access to care through coverage and insurance market reforms
 - Advance health information exchange
- **Develop a comprehensive prevention-oriented public health agenda**
 - Medical home
 - Prevention and personal responsibility
 - Smoking
 - Obesity



Advance Data Policy and Assessment

- **Establish and convene data consortium to develop indicators and data policy**
- **Managing statewide health data**
 - Maintain inpatient claims data
 - Assess health professions database
- **Collaborative selection of Statewide health indicators and dashboard**
- **Management and development of KHIS (private insurance database)**



Improve Program Coordination and Efficiency

- **Medicaid transformation**
 - Transparent policy development
 - Comprehensive program review
 - Data-driven recommendations and savings
 - Public accountability
 - Consistent agenda
- **State Employee Health Plan**
 - Prevention oriented benefits
 - Expanded employee choice
 - More competitive market place
 - Consumer tools and customer service
 - Financial accountability



Improve Program Coordination and Efficiency

- **Coordinate and leverage purchasing**
 - **Data management**
 - Create comparable data
 - Enable public and private benchmarking
 - **Joint policy initiatives**
 - Community health records in Medicaid and state employee plan
 - Medical home
 - Prevention-oriented benefits



Implement an Independent Single State Medicaid Agency

- **Take responsibility to address widespread compliance and payment issues**
- **Car out role in oversight and coordination**
- **Initiate regular meetings**
- **Responsiveness and accountability for Federal partners**
- **Emerging focus on managing risks associated with Federal partnership**
- **Facilitate joint or non-KHPA Medicaid program initiatives**



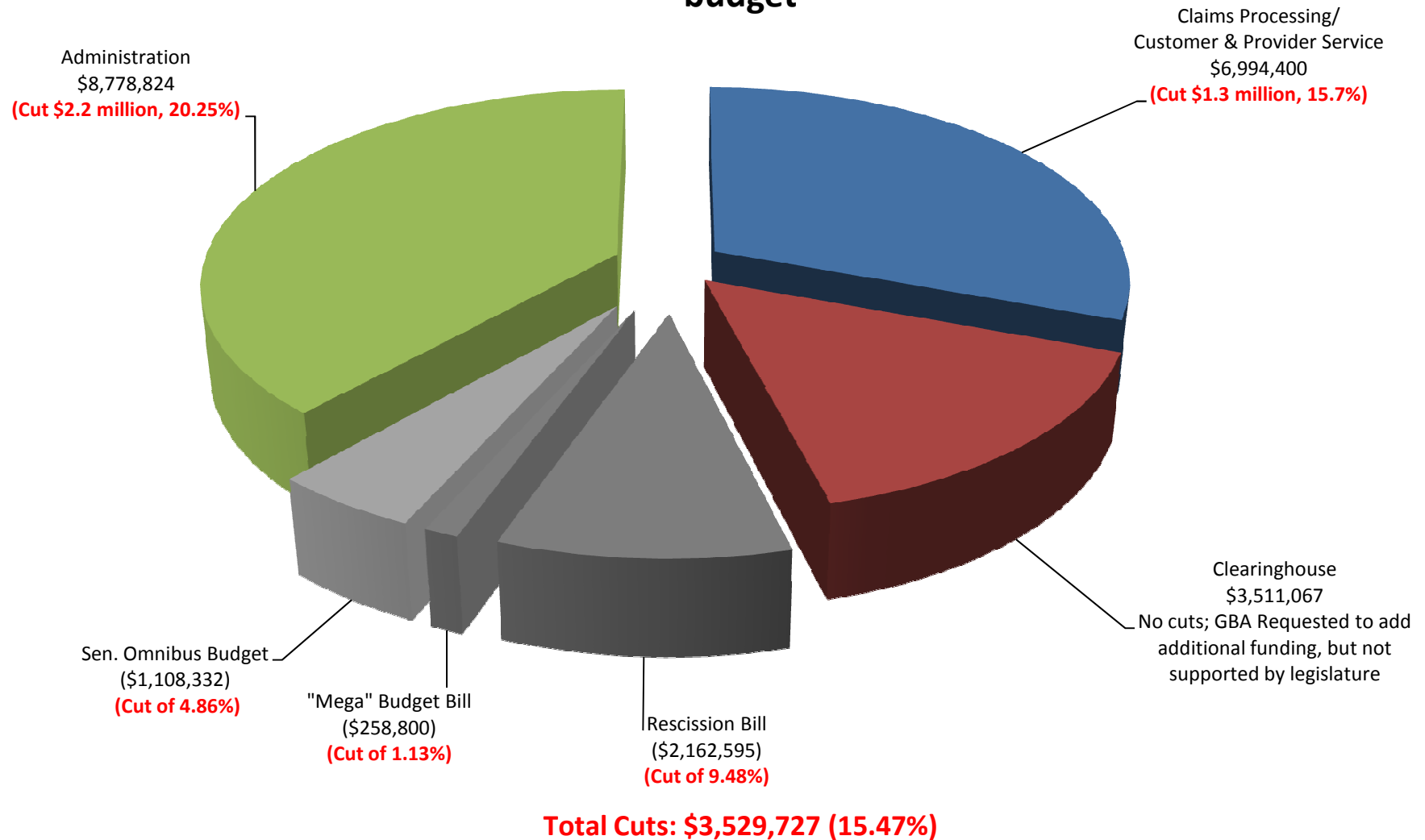
KHPA's New Challenge: the Environment for Reform and Program Management in 2010

New Economy

- **Large reductions in agency resources**
 - Significant under-funding of core insurance operation for Medicaid
 - Looming coverage crisis due to eligibility backlog
 - Likelihood of disputes over provider and beneficiary service
- **Large structural deficit in state budget**
 - Will create pressure for potentially large reductions in Medicaid spending
 - Will prompt focused discussion and legislative interest in re-scaling benefits
 - Consistent sources of growth in Medicaid spending may or may not be addressed through national reform efforts
- **Large structural deficit in federal budget**
 - Financial crisis added \$1 trillion to Federal deficit
 - National debt skyrocketing as a percentage of national income
 - Economic growth unlikely to resolve deficits
- **Increasing levels of need for access to care and health insurance coverage**

KHPA Operational Budget

Distribution of FY 2010 Budget Cuts as compared to approved base budget





New Political Leadership in Kansas

- **Limited success for comprehensive health reform agenda**
 - Support for expanding coverage to children only
 - Perception is that Medicaid covers the poor but,
 - 100,000+ uninsured adults living in poverty but not eligible
 - About 30,000 low-income children are eligible but not enrolled
 - Some progress in pre-eminent health issue of tobacco
 - Less progress in addressing obesity in children and adults
- **Turnover among political leaders who helped craft the Agency**
- **Some legislative interest in revisiting KHPA**
 - Agency's role in coordinating policy and developing an agenda
 - Agency's independence from Governor's cabinet



New Federal Focus on Reform

- **Congress and new administration pursuing health reform and universal coverage**
 - Former Governor Sebelius in position of national leadership in health policy
 - National leadership and significant funding for HIE
 - Significant expansion in Federal role in controlling health impact of tobacco
 - Immediate passage of reauthorization of SCHIP
- **Federal reform options could significantly expand or alter role of Medicaid**
 - Expand Medicaid coverage to 100% of poverty or higher for all adults
 - Transition coverage of certain individuals from Medicaid into a state or national “exchange” offering subsidized private insurance
 - Establish an alternative “public option” plan that could involve Medicaid
 - Increase minimum benefits or payment rates for Medicaid



KHPA's New Focus



Refocus resources on core program operations

- **Scale back communications, outreach and policy capacity**
 - Eliminate the policy division and Director's position
 - Layoff 5 staff
 - Reassign remaining staff to programs operations
- **Consolidate responsibilities within Executive Team to take advantage of specific experience and strengths**
- **Maintain capacity to implement savings and efficiencies identified through transformation and normal program operations**
 - Provide update on 2008 Transformation recommendation
 - Provide updated estimate of 2008 Transformation savings
- **Acknowledge the agency's core accountability to efficiency, transparency, and program improvement**
- **Develop new savings and efficiencies through transformation process and remake the agency to engage in continual review and improvement**



Complete Transformation into an Accountable Agency

- **Extend the Transformation process to all programs**
- **Develop and apply the KHPA strategic plan at every level of the agency**
- **Adjust job titles and definitions to align with strategic plan, new structure, and agency culture of accountability, opportunity and professionalism**
- **Engage in in-service or state-sponsored leadership and management training to adopt agency visions for accountability , opportunity, and professionalism**
- **Establish an affordable leadership development program to attract, retain, and develop future agency leaders**



Solicit Feedback from Policymakers

- **Build relationships following political and agency transitions**
- **Make clear KHPA's intention to support state's imperative to balance the FY 2010 and 2011 budgets**
 - KHPA recognizes the magnitude of the state's budget gap and the significant share of state spending attributable to the Medicaid program
 - KHPA understands the need to reduce spending in FY 2010 and 2011
- **Core questions for policymakers**
 - What role do they envision for KHPA in the budget and policy process?
 - What specific policy options would they like to see?
 - What can KHPA do to help policymakers set a course for Medicaid and SCHIP?



Position the State for National Health Reform

- **Ensure appropriate governance and financing for reform and expansion in Kansas**
- **Advance general goals in health reform**
 - Federal reform should maintain or reduce state cost
 - Preserve or enhance state flexibility
 - Consider leaving some big choices to states
 - Resolve conflicts between Medicare and Medicaid
 - Improve Federal support for Medicaid infrastructure
- **Looking ahead to the state's potential role post reform**
 - Help implement universal coverage?
 - Increase public accountability and confidence at state level
 - Continued focus on prevention and medical home
 - Managing costs and program delivery
 - No need to develop policies for expansion



Help secure ARRA funding for health information exchange and technology

- **Sec. Bremby designated by the Governor to take the lead in developing statewide response**
- **ARRA and existing Medicaid statute include funding for the development and advancement of a coordinated HIE and HIT strategy**
- **KHPA will coordinate with the Sec. Bremby, the e-Health Advisory Committee, and other workgroups to identify resources for technical assistance and planning to ensure successful application for ARRA and supplemental Medicaid funding**
- **KHPA will also have some specific objectives in developing a statewide HIE/HIT plan, especially in advancing a medical home**
- **CMS provided guidance to Medicaid agencies on enhanced payments September first**
 - **Addresses 90% Federal matching funds for administration and planning**
 - **Addresses oversight and implementation of 100% Federally-funded enhancement payments for core Medicaid providers demonstrating meaningful use**



Developing KHPA Budget Options for FY 2011



Key Factors

- **Uncertain revenue forecast**
 - Stable revenues in July and August
 - Unemployment up, employment down
- **Initial savings target of about 1% of total spending**
 - Target based on 5% of non-caseload costs
 - Caseload costs rise significantly as Federal stimulus payments end
- **Larger savings targets would come later, if at all**
 - Significant savings may require coordination across agencies



Budget Options Target Efficiency, Payment Equity, and Patient Safety

- **No significant enhancements**
- **Investments in care coordination and the medical home are deferred, but planning will accelerate**
- **Options reflect informal input from legislators**
- **Options protect the operation of KHPA health care programs**
- **Options are focused on improving program efficiency, payment equity, and patient safety, rather than reducing program operations and support**



Initial Options for FY 2011 Budget (as presented to Board in August)

- **Align reimbursement for medical professionals at current average of 83% of Medicare**
- **Increase co-pay for emergency room use**
- **Increase premiums for SCHIP**
- **Streamline prior authorization in Medicaid**
- **Initiate pharmacy management for mental health drugs**



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